

A microenterprise is a business having five or fewer employees. One or more of the employees must own the business. Murfreesboro's Microenterprise Loan Fund supports the City's goal to expand economic opportunity for its residents. The purpose of the program is to provide both technical assistance and financial assistance to existing microenterprises or to persons developing a microenterprise.

Because a primary purpose of the loan program is the creation and retention of permanent jobs in Murfreesboro, businesses receiving assistance through the Microenterprise Loan Fund must be located within the City. The long-range goal of the program is to help microenterprise businesses grow and prosper and become viable candidates for traditional commercial financing.

Technical Assistance for prospective borrowers is provided through a partnership between the City and Middle Tennessee State University's Tennessee Small Business Development Center. TSBDC counselors work with prospective borrowers to prepare them for loan readiness, then continue to work with the borrowers' businesses after the loan has been issued.

Who is eligible for assistance?

An applicant must

- Be a low- or moderate-income* resident of the City of Murfreesboro. **Or**,
- If the applicant is not L/M income eligible,
 - the majority of the microenterprise's employees must be L/M income persons; **or**
 - the microenterprise must be located in a predominantly L/M neighborhood and serve the L/M income residents of that neighborhood.

* *Income eligibility is determined using the same criteria as the City's Affordable Housing Assistance Plan. The current income levels may be seen at www.murfreesborotn.gov.*

The borrower must be the business owner and the business must be a sole proprietorship, partnership, limited partnership, corporation, LLC or other recognized form of business.

How may the loan be used?

Loan funds may be used for working capital, equipment and/or machinery. Working capital is defined as salaries, utility expenses, insurance, rent or mortgage payments, accounts payable and other operating costs that meet "arms-length transaction" guidance issued by HUD.

Loan funds may **not** be used for the owner's salary; personal property purchases; refinancing existing debt; venture capital investments; loans to private clubs with restriction on membership or patronage; or any loan prohibited by local, state or federal law.

How much may I borrow?

Minimum Loan - \$5,000

Maximum Loan - \$10,000

The City will consider a waiver to either maximum or minimum loan amount if such a course is recommended by the Tennessee Small Business Development Center.

Interest Rates and Maximum Loan Term

Amount of loan	Maximum loan term	Interest Rate
Up to \$5,999	36 months	3%
\$6,000 to \$7,500	48 months	4%
\$7,501 to \$10,000	60 months	5%

The loan will be fully amortized. There will be no penalties for early repayment of the loan. Repayment is to be made monthly with the first payment due on the first business day of the month beginning 45 days after the initial disbursement of funds, and on the first business day of each subsequent month until the loan is repaid in full.

A late fee equal to 10% of the monthly payment (but not to exceed \$20) will be assessed to any loan which is not paid by the end of the tenth business day of the month in which the payment is due. Any late fee not paid within 30 days of a loan payment due date will be added to the loan principal.

What is the approval process?

- An applicant must be certified as loan ready by the Tennessee Small Business Development Center
- The loan application will be reviewed by one or more members of a loan advisory panel which will forward a recommendation to the Community Development Director.
- If the recommendation from the Loan Advisory Panel is for making the loan, the Community Development Director may forward a positive recommendation to the Murfreesboro City Council for its consideration.
- Ultimate approval for any loan to be made through the Micro-enterprise Loan Fund comes from the Murfreesboro City Council.
- The loan will be closed by the Community Development Department and funds disbursed to the borrower.

U.S. Small Business Administration



Funded in part through a Cooperative Agreement with the U.S. Small Business Administration, Middle Tennessee State University and regional support partners. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the program sponsors. Programs are open to the public on a nondiscriminatory basis. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Contact Eugene Osekowsky, 3050 Medical Center Parkway, Murfreesboro, TN. (615) 898.2745.

Where does TSBDC fit in?

All applicants for the City's Microenterprise Loan Program are required to work with the Tennessee Small Business Development Center before their loans will be considered for approval.

Your TSBDC consultant will provide you with an instructional program and work with you to develop a business plan. When your plan is loan-ready, your consultant will assist you in preparing a loan application to the City's Microenterprise Loan Program.

If the City approves your loan, your TSBDC consultant will continue to provide your new business technical assistance.

Many small businesses stumble when faced with the need for professional accounting and tax services. The City has established a fund to help its borrowers by paying for such services during the first year of the loan. TSBDC will assist the borrower in obtaining these services.



Funding for the Microenterprise Loan Program comes from a grant from the U.S. Department of Housing and Urban Development. No person shall be excluded from participation in or denied the benefits of, or be subjected to discrimination under, the City of Murfreesboro's Microenterprise Loan Program on the ground of race, color, religion, national origin or sex.



... creating a better quality of life

MICROENTERPRISE LOAN PROGRAM



For more information, contact:

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